

Message Text

CONFIDENTIAL

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ACTION EA-12

INFO OCT-01 ISO-00 PA-01 CIAE-00 DODE-00 PM-05 H-01
INR-10 L-03 NSAE-00 NSC-05 SP-02 SS-15 ICA-11
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 STR-07 CEA-01 /101 W
-----068832 111731Z /75

R 110901Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7844
INFO AMEMBASSY MANILA
AMEMBASSY SEOUL
SECDEF WASHDC
CINCPAC HONOLULU HI
COMUSJAPAN YOKOTA AB JA

C O N F I D E N T I A L TOKYO 08493

E.O. 11652: GDS
TAGS: MARR, JA, US
SUBJECT: KANEMARU ON DEFENSE COST SHARING

SUMMARY: PRESS HERE HAS REPORTED THAT IN MAY 10 SPEECH
JDA DIRGEN KANEMARU SUGGESTED JAPAN SHOULD PROVIDE YEN
30 BILLION (\$130 MILLION) COST-SHARING PACKAGE TO COM-
PENSATE US FOR LOSSES DUE TO EXCHANGE RATE FLUCTUATIONS
AND CITED REDUCTION OF F-15 PROCUREMENT AS ONE WAY TO
FREE UP NECESSARY RESOURCES. JDA AND MOFA SOURCES,
HOWEVER, REPORT THAT DIRGEN WAS SIMPLY USING F-15
REDUCTION AS EXTREME EXAMPLE TO EMPHASIZE HIS BELIEF
CONCERNING NEED FOR COST SHARING. THESE SOURCES ALSO
SAID THAT THERE WAS NO BUREAUCRATIC INPUT TO DIRGEN'S
SPEECH AND THERE IS NO FACTUAL BASIS FOR YEN 30 BILLION
FIGURE. EMBASSY IS INCLINED TOWARD AGREEMENT WITH
MOFA/JDA STAFFERS, ESPECIALLY AS THERE SEEMS TO BE
HIGH-LEVEL JDA ATTEMPT TO BACK OFF FROM ANY LINKAGE
BETWEEN COST SHARING AND F-15 PROCUREMENT. END SUMMARY.
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1. JDA DIRGEN KANEMARU REPORTED AS STATING IN SPEECH
TO MAY 10 MEETING OF PRIVATE COUNCIL ON DEFENSE AFFAIRS,
HIS "PERSONAL OPINION" THAT JAPAN SHOULD INCREASE ITS
SHARE OF COSTS ON KEEPING US FORCES IN JAPAN. NOTING
THAT US FORCES IN JAPAN HAVE SUFFERED YEN 50 BILLION
(\$220 MILLION) EXCHANGE LOSS DURING PAST YEAR, HE

SUGGESTED THAT JAPAN PARTIALLY OFFSET THIS LOSS BY PROVIDING YEN 30 BILLION (\$130 MILLION) COST-SHARING PACKAGE. HE SAID THAT THIS STEP SHOULD BE TAKEN EVEN IF IT MEANT REDUCING JAPAN'S PLANNED PURCHASE OF F-15 FIGHTER AIRCRAFT FROM 100 TO 95. (COST OF FIVE F-15S WOULD APPROXIMATE YEN 30 BILLION FIGURE.) AS ADDITIONAL JUSTIFICATION FOR COST SHARING KANEMARU STATED THAT "FREE RIDE" THEORY OF JAPAN-US DEFENSE RELATIONS IS GAIBING CURRENCY IN AMERICAN POLITICAL CIRCLES, BUT NOTED THAT US SIDE HAS NOT MADE FORMAL REQUEST FOR INCREASED JAPANESE CONTRIBUTION. SPEECH ALSO MENTIONED MAGNITUDE OF SOVIET THREAT TO JAPAN AND ASKED RHETORICALLY IF IT WERE NOT ONLY EXISTENCE OF US DETERRENT WHICH PREVENTED A SOVIET INVASION.

2. ALL NEWSPAPERS DEVOTED SOME COVERAGE TO DIRGEN'S SPEECH, THOUGH ONLY MAINICHI FRONT-PAGED IT. NIHON KEIZAI NOTED THAT THIS WAS FIRST TIME ANY GOJ OFFICIAL HAD PUBLICLY CITED A SPECIFIC FIGURE FOR COST SHARING AGREEMENT. ARTICLE QUOTED JDA SOURCES TO EFFECT THAT COST SHARING WAS NOW AT STAGE THAT REQUIRED SPECIFIC PROPOSALS FROM US SIDE. MAINICHI SAID THAT DIRGEN'S MENTION OF SOVIET THREAT CAME VERY CLOSE TO BREAKING LONG-STANDING TABOO AGAINST CITING SPECIFIC COUNTRY AS "HYPOTHETICAL ENEMY" OF SELF-DEFENSE FORCES.

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3. AT BREAKFAST MEETING IN HONOR OF CINCPAC, JDA DEFENSE BUREAU DIRECTOR ITO EXPRESSED SURPRISE WHEN TOLD OF KANEMARU SPEECH. IN CONVERSATION WITH EMBASSY'S MDO CHIEF HE DENIED ANY INPUT FROM HIS BUREAU INTO LINKAGE OF COST SHARING TO F-15 DRAWDOWN. IN LATER DISCUSSION WITH EMBOFF, DEFENSE SECTION CHIEF NISHIHIRO SAID THAT THIS LINKAGE WAS MERELY DIRGEN'S METHOD OF STRESSING IMPORTANCE OF COST SHARING.

4. MOFA SECURITY DIVISION OFFICIAL SAID SPEECH WAS OFF-THE-CUFF AND THERE WAS NO OFFICIAL TEXT. HE EMPHASIZED THAT THERE HAD BEEN NO INPUT FROM MOFA OR JDA STAFFERS AND THAT HE KNEW OF NO BASIS FOR YEN 30 BILLION FIGURE. CONCURRING WITH NISHIHIRO'S OBSERVATION MOFA OFFICIAL SAID THAT JDA DIRGEN WAS CONVINCED OF NEED FOR COST SHARING AND WAS USING F-15 REDUCTION AS STRAW MAN.

5. COMMENT: KANEMARU'S USE OF F-15 REDUCTION AS TRADE-OFF FOR COST SHARING IS NOT NEW; HE MADE SIMILAR STATEMENT TO APRIL 11 MEETING OF DIET CABINET COMMITTEE. HOWEVER, WE ARE INCLINED TO AGREE WITH MOFA/JDA

STAFFERS THAT DIRGEN'S GENUINE ENTHUSIASM FOR COST
SHARING IS RUNNING AHEAD OF BUREAUCRACY, WHICH IS
ATTEMPTING TO PUT TOGETHER POLITICALLY SALABLE PACKAGE.
WE DO NOT BELIEVE THAT HE HAS ANY REAL INTENT OF
REDUCING F-15 BUY. FURTHER, DISCUSSION WITH JDA
STAFFER CLOSE TO VICE MINISTER MARUYAMA INDICATES ALL
CONCERNED WOULD PROBABLY PREFER TO BACK OFF FROM
POTENTIALLY STICKY WICKET OF COST SHARING - F-15 LINKAGE.
MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COSTS, NEGOTIATIONS, MILITARY PLANS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO08493
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780200-0962
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780567/aaaacfag.tel
Line Count: 124
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 64f016a0-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2714671
Secure: OPEN
Status: NATIVE
Subject: KANEMARU ON DEFENSE COST SHARING SUMMARY: PRESS HERE HAS REPORTED THAT IN MAY 10 SPEECH JDA DIRGEN KANEMARU SUGGESTED JAPAN SHOULD PROVIDE
TAGS: MARR, JA, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/64f016a0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014